

**MINUTES  
of the  
THIRD MEETING  
of the  
JOBS COUNCIL**

**August 8, 2013  
Taos Convention Center  
Taos**

The third meeting of the Jobs Council (council) for the 2013 interim was called to order by Representative W. Ken Martinez, co-chair, on August 8, 2013 at 10:18 a.m. at the Taos Convention Center in Taos.

**Present**

Rep. W. Ken Martinez, Co-Chair  
Sen. Mary Kay Papen, Co-Chair  
Ray M. Baca  
Terry Brunner  
Beverlee McClure  
Rep. Rick Miera

**Absent**

Rep. Donald E. Bratton  
Sen. Phil A. Griego  
Sen. Stuart Ingle  
Rep. Debbie A. Rodella  
Sen. Michael S. Sanchez

**Advisory Members**

Rep. Stephanie Garcia Richard  
Rep. Thomas C. Taylor

Sen. William F. Burt  
Rep. Mary Helen Garcia  
Sen. George K. Munoz  
Sen. Michael Padilla  
Sen. John C. Ryan  
Rep. James P. White

**Guest Legislators**

Rep. Roberto "Bobby" J. Gonzales  
Rep. Larry A. Larrañaga  
Rep. Patricia A. Lundstrom

**Staff**

Tessa Ryan, Staff Attorney, Legislative Council Service (LCS)  
Raúl E. Burciaga, Director, LCS  
Monica Ewing, Staff Attorney, LCS  
Claudia Armijo, Staff Attorney, LCS

**Guests**

The guest list is in the meeting file.

## **Handouts**

Handouts and other written testimony are in the meeting file.

## **Thursday, August 8**

### **Review of Session Two (Economic Predicament) and Introduction to Session Three (Economic Sector Selection)**

Mark Lautman, lead program consultant for the council, addressed the council and audience members and reviewed the council's process. At its last meeting, the council made a preliminary determination of the number of economic-base jobs the state needs to create in the next 10 years: 160,883. That determination was based on several assumptions that the council considered and to which it agreed. Those assumptions included: a population growth rate of 10%; a work force participation rate of 48%; a structural unemployment rate of 4%; an economic-base jobs rate of 35%; and an economic-base jobs attrition rate of 30%. The attrition rate considers federal jobs and federal contractor jobs lost due to the federal sequester. Part-time and full-time workers are aggregated for the purpose of the council's calculations.

Tim Karpoff, facilitator for the council, and Representative Martinez asked if the council would agree to formally adopt the assumptions and estimates agreed to at the council's second meeting. No objections were raised, and the council's consensus was noted.

Mr. Lautman said that the meeting's focus would be on determining which economic-base industry sectors might be able to provide additional jobs in the next 10 years. The September meeting's focus will be on identifying the areas of the state that might support job creation in the various sectors identified by the council during its August meeting.

Mr. Lautman noted that the many industry representatives and subject-matter experts in attendance would assist the council by providing industry-specific insights about potential job creation in New Mexico. The council's job-creation estimates would be checked against data provided by economic development experts, including Dr. Jim Peach, regents professor of economics, applied statistics and international business at New Mexico State University, and Dr. Lee Reynis, director of the Bureau of Business and Economic Research at the University of New Mexico.

### **Economic Sector Selection — Breakout Session #1**

The council members, industry experts and audience members divided into six groups, each of which was assigned several economic-base industry sectors. The six groups were asked to consider how many jobs each of the group's assigned industry sectors might be able to create in the next 10 years and then to report those estimates to the whole group. The participants were asked to disregard major barriers to job creation, such as limited housing, for the purposes of the exercise because job-creation barriers or factors of production would be addressed at a later council meeting.

The following industry sectors were represented among the groups: back-office services; exported services; solo-independent work; integrated information technology and nongovernmental cybertechnology; digital media; visitor-driven industry; nongovernment emerging technologies; manufacturing; extractives; agriculture, food and forestry; government; health and social services; and education services. Mr. Lautman explained that the sectors were grouped at each table according to similarities in factors of production and job-creation obstacles.

Council members and other participants at each table deliberated and arrived at estimated numbers of jobs that could be created by each industry in the next 10 years.

### **Working Lunch — Plenary Session**

A representative from each group presented the results of the group's deliberations during a lunchtime plenary session. (See the column labeled "Taos 1" in the attached table.)

**Back-office services** — The group focused on accounting services, procurement and call centers and estimated that such operations, combined, could likely create **5,000** new jobs. The group estimated that 2,000 of those jobs might be created by call centers. The group considered the size of facilities providing back-office services and the large number of employees at those facilities.

**Exported services** — The group estimated that **25,000** new jobs could be created in this sector.

**Solo-independent work** — The group estimated that **12,400** new jobs could be created in this sector.

**Visitor-driven industry** — A representative from the Tourism Department provided the department's analysis that showed that with an increased budget, this industry sector could produce another **32,747** jobs.

**Integrated information technology and nongovernmental cybertechnology** — The group, with help from a representative of the City of Albuquerque, deliberated and decided that 1,000 jobs could be created in cybersecurity, 5,000 jobs in water security and capacity building and 10,000 jobs in general information technology for a total of **16,000** new jobs in this sector.

**Digital media** — The group estimated that **9,600** jobs could be created in this sector, which includes film, television and digital gaming.

**Nongovernment emerging technologies** — The group decided on a conservative estimate of **1,000** new jobs in this sector, considering the fact that emerging technology companies' operations fluctuate quickly and that the federal government's investment in research and development has decreased.

**Manufacturing** — The group received assistance from an industry representative who noted that in 2007, this sector was growing at about 4% per year and included more than 1,500 companies employing 18 to 20 persons each. After deliberation, the group estimated that this sector could provide an additional **15,000** jobs.

**Extractives** — The discussion about this sector included considerations of the oil and gas industries in northwest and southeast New Mexico and the unpredictability of the industry. The group also discussed mining of potash, uranium and copper and ultimately estimated that this sector could provide another **10,000** jobs.

**Agriculture, food and forestry** — The group discussed the fact that the growth in this sector would not be due to increased production, but rather an increase in food processing in the state. It was noted that some jobs are being lost due to mechanization of processes. The group estimated that this sector could provide **3,000** additional jobs.

**Education services** — The group noted that there is probably a potential for more jobs, but it put forth a conservative estimate of **2,500** jobs.

**Health and social services** — With input from several industry experts, the group conservatively estimated that this sector could provide an additional **23,000** jobs, while recognizing that there is probably potential for greater job creation.

**Government** — The group discussed government contractor employees and the need to avoid "double-counting" certain jobs that could be created in the government sector. The group decided that **8,100** jobs could be added in this sector and that those jobs would likely be evenly distributed between the spaceport, aerospace, directed energy and border infrastructure.

Based on these deliberations, the council and industry representatives estimated that 163,347 new jobs could be created in all sectors considered.

A few council members and industry representatives observed that there may have been some double-counting in the initial estimates and that some figures may need to be revised.

Mr. Lautman explained that during the afternoon session, the six groups would each reconsider the estimates arrived at during the morning deliberations and deliberate on and derive an estimated number of "transactions" believed necessary to create the new jobs in each sector. A single transaction could be, for example, the recruitment of a company to the state, a new company starting up or a company expanding. Estimating the number of transactions needed to meet the job-creation goals will help the council to scale the program efforts that could come from the council's work.

## **Economic Sector Selection — Breakout Session #2**

During the afternoon session, several industry representatives addressed the entire group prior to the deliberations. These representatives provided insights based on their professional experience to guide the six groups in their consideration of the morning's numbers and in determining the number of transactions needed to achieve proposed job-creation goals.

With respect to **back-office services**, Noreen Scott, president, Rio Rancho Economic Development Corporation, suggested that the estimated number of jobs should be increased. She added that these jobs are transient and that companies are starting to bring telephone operations back to the United States from overseas.

Regarding **solo-independent work**, Kelly O'Donnell, an independent consultant, noted that she studied this sector several years ago and found that at that time, 18,000 of about 40,000 solo workers were performing economic-base jobs. Independent work is on the rise, and so the state needs to help improve and market the state's quality of life in order to entice independent workers to live here. Double-counting could be an issue in this sector.

Ms. O'Donnell also spoke about **health and social services** and noted that one in five jobs in the state is related to health care delivery, and while health care is not traditionally economic-base work, in New Mexico it is because of the substantial amount of federal funds entering the state in connection with health care programs. Up to 35,000 new jobs over 10 years could be a reasonable estimate. The addition of one primary care physician's practice in a rural community in the state results in the addition of 23 jobs in that community and \$1 million in wages and salaries.

Nick Maniatis, director, Film Division, Economic Development Department, stated that with respect to **digital media**, 2011 saw a 260% increase in the demand for employees. Most jobs in this sector are high-wage and long-term jobs.

Regarding **oil and gas/extractives**, John Heaton, a former New Mexico state representative, said that thousands of homes are being built in southeastern New Mexico to accommodate employees in the industry. He added that uranium mining could add another 2,000 to 3,000 jobs. Representative Taylor added that Conoco Phillips and BP have many operations in New Mexico and that they are working on identifying additional locations. He added that there is potential for New Mexico to export natural gas to Japan.

Chris Stagg, a Tourism Department board member, said that with respect to **visitor-driven** industries, 2,100 jobs were created in the last six months, and he estimated that 3,000 jobs would be created in the next year. He added that with increased marketing of the state, the number of visitors would increase and additional jobs would be created.

**Emerging technology** was addressed by an industry representative who stated that this sector has mostly recovered from the decrease in jobs that occurred during the recession.

### **Economic Sector Selection — Consensus Deliberation**

After the six groups deliberated, reconsidered the estimates put forth during the morning session and determined estimated numbers of transactions needed to create new jobs, Mr. Lautman and Mr. Karpoff led the group in a discussion of the table (attached), and the council agreed to revise several figures. (See the column labeled "Taos 2" in the table, which reflects the revised figures.) The council also included estimated numbers of transactions necessary to achieve the proposed job-creation goals. (See the column labeled "Transactions" in the table.)

Following discussion of the table by the meeting participants, Mr. Karpoff asked participants to express their reactions to the day's meeting and work. One participant said that she believes that infrastructure will play a significant role in job-creation success. A council member said that he believes that New Mexico should not only compete with other states but should also invest in creative economic development efforts.

Mr. Lautman noted that it will take more than 10 years for the state to recover to 2007 economic levels, but the seeds for that recovery will be sown in the next three to seven years. He and Mr. Karpoff were pleased and encouraged to see that the number of jobs estimated at the council's second meeting (160,883) and the number of jobs that the six groups estimated could be created in the various sectors (162,100) so closely approximated each other.

### **Preview of Session Four (Geographic Distribution and Resource Gaps)**

Mr. Lautman stated that at the September meeting, the council will be presented with a matrix showing the number of jobs needed and columns showing various factors of production, including internet access, capital, roads and housing. The council will consider and try to identify the issues that might need to be addressed at a local level to support job-creation efforts. Representatives from the various council of governments districts will participate in the council's September deliberations.

### **Public Comment**

Fred Peralta, a Taos community leader, thanked the council for visiting Taos. He noted that communities in New Mexico need infrastructure and added that patience and tenacity are needed to see the results of economic development efforts.

### **Adjournment**

There being no further business before the council, the third meeting of the Jobs Council for the 2013 interim adjourned at 3:42 p.m.

<b>Potential Economic Base Sectors for the State</b>						
<i>Legislative Jobs Council Session 3   Taos, NM   Aug. 8th 2013 10am</i>						
<i>List of General Industry Sectors:</i>	<i>Sub-Sectors:</i>	<i>Suzan Reagan</i>	<i>Charles Lehman</i>	<i>Taos 1</i>	<i>Taos 2</i>	<i>Transactions</i>
<b>Back Office Services (Call Centers)</b>	<i>(Call Centers, Sales, Accounting, Procurement, and Payroll Services)</i>			5,000	25,000	70
<b>Exported Services</b>	Financial Services			25,000	15,000	1,500
	Research, Writing, Editing, and Publishing					
	Exported Information Services					
	<i>(Broadcasters, Webmasters, Public Relations, Marketing, Social Media, Tele-Services,</i>					
	<i>Environmental Services</i>					
	Construction Management Services					
	Philanthropic Services					
<b>Solo - Independent Work</b>	<i>(Consultants, Writers, Artists, Digital Animators, Financial Advisors, Accounting, Design Services, Medical Transcription, IT Services, etc.)</i>			12,400	12,000	12,000
<b>Integrated IT &amp; Cyber (Non-Government)</b>	<i>(Commercial Transaction Security, Software Engineering, Server Farms, Data Storage, etc)</i>			16,000	16,000	1600
<b>Digital Media</b>	<i>(Film, TV, Video Gaming &amp; Testing, Modeling &amp; Simulation)</i>			9,600	9,100	160
<b>Visitor Driven</b>	<i>(Cultural, Business – Conferences and Meetings, Space, Destination Entertainment, Ecotourism, Retirement Living, Transportation, Hospitality, Gaming,</i>			32,747	22,400	228
<b>Emerging Technologies (Non-Government)</b>	<i>(Optics/Photonics, Sensors, Biomedical, Water and Environmental Technologies, Bio-tech, Nano-Tech, Energy, Cyber-security)</i>			1,000	1,000	200
<b>Manufacturing</b>	<i>(Construction materials, Equipment, Aircraft Manufacturing and Repair, Electronics, Micro Electronics, Energy, Optics)</i>			15,000	15,000	506
	Transport, Warehouse, and Logistics (Export)					
<b>Extractives</b>	Energy and Extraction			10,000	10,000	250
	<i>(Energy Production Facilities, Natural Gas, Coal, Wind, Solar, Geothermal, Biomass, Nuclear, Other)</i>					
	Oil and Gas					
	<i>(Production, Transport, and Refinement)</i>					
	Mining					
	Uranium Processing					7
<b>Agriculture, Food, and Forestry</b>	<i>(Farming and Ranching, Vineyards &amp; Productions, Production Greenhousing, FS, Processing and Packaging, Value-added Exported Services, Water, Arid Agriculture, Genetics, Food Security)</i>			3,000	3,000	186
<b>Government</b>	Federal Government			8,100	8,100	?
	<i>(USFS, Defense, Health and Social Services, Energy, Homeland Security, Education, Interior, Transportation, Commerce, Agriculture, HUD, Treasury, Environment,</i>					
	Aerospace and Defense					
	<i>(Unmanned Aerial Vehicles, Commercial Space Flight, Aircraft Modification, Aviation)</i>					
	Emerging Technologies (Public)					
	<i>(Federal Labs-related, Research and Development)</i>					
	State Government					
	Federal Government Contract Services					
	<i>(Staff Augmentation, System Integrators)</i>					
<b>Health and Social Services</b>	<i>(Federal Windfall, Hospitals, Home Health Care, Assisted Living, Dentistry)</i>			23,000	23,000	15,000
<b>Education Services</b>	Higher Education			2,500	2,500	25
<b>Total</b>		-	-	<b>163,347</b>	<b>162,100</b>	<b>31,732</b>
<b>Difference</b>	160,883			<b>2,464</b>	<b>1,217</b>	